

UNAUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

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IZWE SAVINGS & LOANS PLC
(Reg No.: PL000162015)

Tel: 0302 251 042 | Email: info@izweghana.com
www.izweghana.com

Unaudited Financial Highlights			
	Unaudited 31-Dec-21 (GHS '000)	Audited 31-Dec-20 (GHS '000)	Change %
Revenues*	138 107	139 133	(1%)
Net Interest income	44 971	41 993	7%
Profit after tax	1 434	7 453	(81%)
Net advances	294 283	309 447	(5%)
Total Shareholders' Equity	49 855	48 422	3%

*Revenue includes interest and non-interest revenue

Unaudited Statement of Comprehensive Income		
	Unaudited 31-Dec-21 (GHS '000)	Audited 31-Dec-20 (GHS '000)
Interest income	107 980	111 944
Interest expense	(63 009)	(69 951)
Net Interest Income	44 971	41 993
Fee and commission income	30 127	27 189
Fee and commission expenses	(12 411)	(10 717)
Credit loss expenses	(11 736)	(5 586)
Net Operating Income	50 951	52 879
Admin and operating expenses	(49 110)	(40 622)
Profit Before FX Costs and Tax	1 841	12 257
Foreign exchange gain/(loss)	207	(1 495)
Profit Before Tax	2 048	10 762
Tax	(614)	(3 309)
Profit After Tax	1 434	7 453

Unaudited Statement of Financial Position		
	Unaudited 31-Dec-21 (GHS '000)	Audited 31-Dec-20 (GHS '000)
Assets		
Cash and cash equivalents	23 140	27 053
Other receivables	53 616	22 565
Net loans and advances	294 283	309 447
Right of use assets	16 907	13 672
Deferred tax	5 038	5 853
Property, plant and equipment	5 789	4 308
Total Assets	398 773	382 896
Liabilities		
Bank overdraft	4 901	0
Accruals and other liabilities	33 380	27 690
Lease liabilities	12 331	9 877
Bilateral facilities	37 404	92 685
Deposits from customers	185 328	146 202
Corporate senior notes	38 590	47 832
Corporate subordinated notes	36 983	10 188
Total Liabilities	348 918	334 475
Equity		
Stated Capital	18 533	18 533
Retained Earnings	18 184	17 109
Statutory Reserve	13 139	12 780
Total Equity	49 855	48 422
Total Shareholders' Equity and Liabilities	398 773	382 896

Reconciliation of Retained Earnings		
	Unaudited 31-Dec-21 (GHS '000)	Audited 31-Dec-20 (GHS '000)
Retained Earnings - 1 January	17 109	13 382
Profit after tax	1 434	7 453
Transfer to Statutory Reserve	(358)	(3 727)
Retained Earnings - 31 December	18 184	17 109

Unaudited Statement of Cash Flows		
	Unaudited 31-Dec-21 (GHS '000)	Audited 31-Dec-20 (GHS '000)
Net Cash Flows from Operating Activities	(16 028)	15 766
Net Cash Flows from Investing Activities	5 816	(1 878)
Change in borrowings	(55 281)	8 877
Change in deposits from customers	39 125	46 492
Change in corporate senior notes	(9 242)	(25 862)
Change in corporate subordinated notes	26 795	(7 513)
Change in amounts due to related parties	0	3 457
Net Cash Flows from Financing Activities	1 397	25 450
Net Change in Cash and Cash Equivalents	8 815	39 336
Cash and Cash Equivalents at 1 January	27 053	(12 283)
Cash and Cash Equivalents at 31 December	18 239	27 053

Earnings per Share		
	Unaudited 31-Dec-21 (GHS '000)	Audited 31-Dec-20 (GHS '000)
Profit after tax	1 434	7 453
Number of Shares	2 020 000	2 020 000
Earnings per Share	0.71	3.69

Reconciliation of Debt Securities		
	Unaudited 31-Dec-21 (GHS '000)	Audited 31-Dec-20 (GHS '000)
Balance at 1 January	56 000	80 000
Debt Securities issued	25 000	0
Debt Securities repaid	(9 000)	(24 000)
Balance at 31 December	72 000	56 000

Significant Accounting Policies

These unaudited results have been compiled in line with the requirements of International Financial Reporting Standards, the accounting policies having been applied consistently when compared to the audited financial statements for the year ended 31 December 2020.

Review of the Performance of the Company

The Directors hereby present the unaudited results for the year ended 31 December 2021.

Economic outlook

The Monetary policy rate was increased by 100bps by the Bank of Ghana at its final meeting in 2021 to 14.50% pa, marking the first increase in six years. This was in response to inflationary pressures experienced in the third quarter of 2021. Annual inflation accelerated for the seventh straight month to reach 12.6% pa in December 2021, which is the highest rate recorded since May 2017, exceeding the Bank of Ghana's target band of 6%-10% pa for a fourth consecutive month.

The economy of Ghana grew by 6.6% year-on-year in the third quarter of 2021. It was the fourth consecutive quarter of growth since the onset of the pandemic crisis in the first quarter of 2020 as the economy recovered post Covid-19.

In 2022, the economy is set to grow at faster pace as activity continues to return to pre-pandemic levels. Robust growth across all sectors is set to drive momentum. To the contrary, lower oil production, the emergence of new Covid-19 variants and uncertainty regarding the development of the pandemic continue to weigh on the outlook. The economic outlook is good in the short to medium term, with growth projected to increase to 4.1% in 2022. The fiscal deficit is projected to narrow to 5.7% in 2022, driven by an expected increase in revenue collection in a recovering economy. However, the current account deficit is anticipated to widen to 3.2% pa as import volumes resume their pre-pandemic levels.

Financial

The Izwe Savings & Loans balance sheet remains robust, growing 4% from 2020. The net advance book decreased in size to GHS 294.2m (4.90% decrease year-on-year) as Covid-19 measures impacted selling opportunities. Net interest income of GHS45m for the year (GHS42m in 2020) is attributable to managements' focus in achieving a diversified funding base with the goal of reducing funding cost. This resulted in the decline in interest expense during the year. Credit loss increased during the year to GHS11.7m due to general market challenges and product diversification.

Operating cost increased by 21% from prior year, largely driven by the strategic and operational reengineering cost that commenced in the last quarter of 2020 to optimize efficiency in service delivery as well as improve on our competitive edge within the market. The benefits of these strategic costs undertaken during 2021 is expected to manifest in 2022 in the form of improved profitability. Izwe Savings & Loans ended the year with profit after tax of GHS 1.43m for the year, an 81% decrease from 2020.

Operations

Increased demand for our corporate and retail investment products resulted in a 27% year-on-year increase in unsecured funding, which is testament to the continued confidence investors have in the Izwe brand. Izwe Savings & Loans also successfully matured GHS9m of subordinated debt in October 2021 under the approved Medium Term Bond Programme.

The business achieved momentum in a highly competitive environment during the last quarter of 2021. In the year ahead, Izwe Savings & Loans anticipate strong balance sheet growth. Enhanced service levels through various channels will be amongst the key focus areas for management in 2022.

The financial statements do not contain any untrue statements, misleading facts or omit material facts to the best of our knowledge.

The Directors would like to thank all stakeholders for their continuous contribution in achieving these results.

Raymond Bismarck
Managing Director

Carole Ramella
Director